

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries & Commerce Department – Enormous opportunities in the Hydrocarbon Sector in Krishna- Godavari Basin of Andhra Pradesh – Creation of Andhra Pradesh Gas Infrastructure Corporation Private Limited , a State owned Exploration & Production of Petroleum/ Natural Gas company, Andhra Pradesh – Orders – Issued.

INDUSTRIES & COMMERCE (INF)DEPARTMENT

G.O.Ms.No. 222

Dated: 9-10-09.

ORDER:

The Government of India, with a view to utilize the natural resources like Petroleum and Natural Gas, has come up with a New Exploration Licensing Policy (NELP), whereby, the exploration and exploitation of Petroleum and Natural Gas have been thrown open to the public as well as to the private corporate sector. The Government of India have also constituted Empowered Group of Ministers for prioritization of gas allocation and fixing the price of natural gas.

2. The Director General of Hydrocarbons has identified the areas of exploitation of petroleum & natural gas in Andhra Pradesh in the Krishna-Godavari Basin , Pranahita Godavari Basin and Kadapa Basin both for offshore and onshore. The Director General of Hydrocarbons has also made a presentation on 11.8.2009 before Hon'ble Chief Minister about the future prospects of availability of petroleum & natural gas in the above basins and opportunities for upstream, midstream and downstream activities.

3. As there is prospects of substantial availability of Petroleum / gas from the Krishna-Godavari basin in the long run on a sustainable basis, the Government of Andhra Pradesh desires to utilize these resources available in the Krishna - Godavari basin for the overall development of the State ie., promotion of industries and for City Gas Distribution in the State including the Compressed Natural Gas (CNG) and piped gas as substitutes for Liquefied Petroleum Gas (LPG).

4. The Government of Andhra Pradesh has therefore decided to create a State owned Exploration and Production company to enter in to Exploration & Production business for energy security and industrialization in the State of Andhra Pradesh for sustainable development and uninterrupted Hydrocarbon resource availability. The Government, after detailed deliberations on the issue, have issued the following orders:

1. A Special Purpose Vehicle (SPV) shall be created by the A.P.I.I.C. and A.P. Power Generation Corporation Limited with an initial equity base of Rs. 1.00 crore to share at a ratio of 51:49 between the APIIC and the APGENCO respectively;
2. The Special Purpose Vehicle may be called as “Andhra Pradesh Gas Infrastructure Corporation Private Limited” and will have (3) Directors from the APIIC and (2) from the APGENCO. Experts from the sector may be co-opted at a later stage.;
3. Exclusive technical staff shall be earmarked by the APIIC and the APGENCO for the SPV and professional personnel may be hired in due course;

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4. Initially, the SPV will explore the possibility of participating in the bidding for the new Blocks under New Exploration Licensing Policy (NLEP) with a National/International strategic partner engaged in exploration and production activities with a token equity participation, so as to gain expertise in this new area.
 5. The SPV will also explore the possibilities of “forming in” i.e., token equity participation in the already allotted Blocks with the existing operators, at a later stage.
 6. The SPV shall also facilitate in providing infrastructure support for creating common facilities for the Exploration and Production Services sector;
 7. The SPV shall also coordinate with different agencies to maximize the employment potential in service sector, relevant to petroleum and natural gas. Through Human Resources initiatives also;
 8. In addition to the above, this SPV may collaborate with Bhagyanagar Gas Limited (BGL) to explore the possibilities of involvement in city gas distribution network, so as to maximize the utilization of natural gas within Andhra Pradesh;
5. The Chairman & Managing Director, A.P.I.I.C. Limited and the Managing director, APGENCO are requested to take further necessary action accordingly.
6. This order issues with the concurrence of Finance Department vide their U.O.No.9913/417/09,dated:9-10-09.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

B. SAM BOB
PRINCIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION

To
The Chairman & Managing Director, A.P.Industrial Infrastructure Corporation.Limited, Hyderabad
The Managing Director, A.P.GENCO, Vidyht Soudha, Hyderabad.
The Commissioner of Industries, Hyderabad.

Copy to:

The Special Chief Secretary to Government, Energy Department.
The Principal Secretary to Government, Finance Department.
The Secretary to Government, I&I Department
The Principal Secretary to Chief Minister
The Additional Secretary to Chief Minister.
The P.S. to Chief Secretary to Government
The P.S. to Minister (Major Industries).
The PS to Minister (Energy)
P.S. to Principal Secretary to Government & CIP,
Industries & Commerce Department
SF/SC.

//FORWARDED;; BY ORDER//

SECTION OFFICER